

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

IN RE: : CHAPTER 7
:
THE FESTIVITY GROUP, INC. : CASE NO. 16-51054-WLH
:
Debtor. :
:

**APPLICATION FOR APPROVAL OF EMPLOYMENT OF HAYS FINANCIAL
CONSULTING, LLC AS ACCOUNTANT AND FINANCIAL ADVISOR**

COMES NOW, William J. Layng, Jr., as Chapter 7 Trustee (“Trustee” or “Applicant”) for the bankruptcy estate (the “Estate”) of The Festivity Group, Inc. (“Debtor”), by and through undersigned counsel, and hereby files this *Trustee’s Application for Approval of Employment of Hays Financial Consulting, LLC as Accountant and Financial Advisor* (the “Application”). In support of the Application, Trustee shows the Court as follows:

1.

Debtor initiated this case (Case No. 16-51054-WLH) (“Debtor’s Case”) by filing a voluntary petition for relief under Chapter 7 of Title 11 of the United States Code on January 19, 2016 (the “Petition Date”).

2.

Trustee was thereafter appointed and remains the duly acting Chapter 7 Trustee in Debtor’s Case.

3.

Trustee seeks approval of the employment of Hays Financial Consulting, LLC (“HFC”) as accountant and financial advisor for Trustee to provide services related to recovering,

preserving, and liquidating assets; state and federal taxes; and maintaining and analyzing computer and financial records for Trustee.

4.

The professional services, which HFC is to render, include assisting the Trustee with:

- a) Recovering, preserving, and liquidating assets.
- b) Securing, reviewing, and analyzing of all books and records of Debtor, including verification of accounts with regard to assets, liabilities, financial affairs, and financial obligations; electronic data discovery; and all other work necessary to assist the estate to comply with the reporting and accounting requirements of this Chapter 7 case.
- c) Preparing federal and state tax returns and of all other financial documents required by federal and state law.
- d) Reviewing any claims filed by the Internal Revenue Service to determine the validity of the amounts claimed.
- e) Terminating ERISA plans, if any.
- f) Assist in investigating financial and accounting records in connection potential actions under Chapter 5 of Title 11.
- g) Other work as may be indicated by HFC's analysis of the records of Debtor and the Estate.

5.

HFC will bill the estate at its current standard hourly rates for the consultants who may render services in this case. A list of HFC's current hourly billing rates are attached hereto and incorporated herein by reference as Exhibit "A."

6.

The hourly rates are subject to periodic adjustment during the term of the proposed employment or if so awarded by the Court.

7.

S. Gregory Hays is a principal and the sole owner of HFC. Except as set forth herein, to the best of the Trustee's knowledge and belief, HFC has no equity interest in and no connections with Debtor, its creditors, or any other party in interest, or its attorneys and accountants. Disclosure is made that S. Gregory Hays has been appointed the interim Chapter 7 Trustee for the bankruptcy estates of Festivity Group SC LLC (16-51062-PMB), Festivity Group Atlantic Station, LLC (16-51063-BEM), and Festivity Group, Tenn., LLC (16-51065-JRS). Upon information and belief, these entities are affiliates of Debtor, but the related estates have no assets. If a matter arises in which Trustee is adverse to any of these affiliated entities, S. Gregory Hays will resign his position as Chapter 7 Trustee for these estates. The Affidavit of S. Gregory Hays is attached hereto and incorporated herein by reference as Exhibit "B."

Wherefore, Applicant prays that he be authorized to employ Hays Financial Consulting, LLC as accountant and financial advisor to assist with the shuttering of Debtor's business, preservation of books, records, computers, and servers, and the liquidation of the Estate and to perform the professional services required in connection with this case and on the terms stated.

Respectfully submitted this 28th day of January, 2016.

ARNALL GOLDEN GREGORY LLP
Proposed Attorneys for Trustee

By: /s/ Michael J. Bargar
Michael J. Bargar
Georgia Bar No. 645709
michael.bargar@agg.com

171 17th Street, NW, Suite 2100
Atlanta, GA 30363
(404) 873-8500

Hays Financial Consulting, LLC
Atlanta Financial Center
3343 Peachtree Road, N.E.
East Tower, Suite 200
Atlanta, GA 30326-1420

(404) 926-0060

www.hayconsulting.net

Fax: (404) 926-0055

Profile of Hays Financial Consulting, LLC

Hays Financial Consulting, LLC ("HFC") is a corporate financial consulting and accounting firm that specializes in bankruptcy and receivership management, asset recovery, forensic accounting and litigation support. The firm or its Managing Principal, S. Gregory Hays, has been active in bankruptcy, receivership and litigation cases for twenty years. The firm includes a team of professionals in finance, accounting, tax, operations, technology, asset recovery and human resources to provide a wide array of professional services in bankruptcy, receiver and litigation cases. Following are brief summaries of the firm's key practice areas:

Fiduciary Services

HFC and its principal officers serve in a fiduciary capacity as trustee, receiver, assignee, examiner, disbursing agent or liquidating agent. Mr. Hays serves as a Chapter 11 trustee and was appointed by the United States Trustee to serve as a Chapter 7 panel trustee. Mr. Hays or the firm have served as a fiduciary in United States District Court, United States Bankruptcy Court and State Courts. The firm has been appointed in Georgia, Texas, South Carolina, Alabama, Florida, New York and California.

Bankruptcy and Receiver Financial Services

The firm has extensive experience in all phases of bankruptcy and receivership management, administration and accounting. Consultants provide interim management and serve as CEO or CRO so that quick and effective results may be obtained. Financial consultants and accountants are placed on the debtor's premises to administer the estate. Consultants take control of a debtor, secure the assets and records, and provide management services during the period of reorganization or liquidation. Financial Consultants and accountants also assist debtors in possession with financial reporting and operations and/or provide advice to committees, trustees or receivers.

Accounting Services

HFC has accountants that provide a wide array of accounting services in insolvency cases. The firm has several CPA's and support staff to undertake accounting functions including preparation of accounting reports, maintaining books and records of debtor entities, investigating accounting records and preparing accounting reports for the court.

Forensic Accounting

HFC has extensive experience in investigating and recovering funds from fraudulent activity. Financial consultants investigate fraud through various techniques including funds tracing and asset searches. Documents and records are researched using both internal and external sources to unravel the fraud. Once the fraud is identified, accountant and financial consultants work closely with legal counsel and provide litigation support and recover assets. The firm has four Certified Fraud Examiners.

Tax Return Preparation

The firm provides corporate tax preparation services and specializes in filing applications to recover taxes for bankrupt or insolvent entities. The firm prepares the current year returns, completes the

carryback claims, examines state and local taxes for potential refunds, analyzes sales taxes and calculates the refund for sales taxes due to bad debt write-offs

Litigation Support / Expert Witness

The firm provides litigation support services and is involved in investigating all aspects of the pending litigation. The firm provides assistance to counsel in discovery including preparation of schedules for document production and assistance in preparing interrogatories and review of documents. The firm researches claims, investigates issues, attends depositions, develops strategies, prepares analyses and interviews witnesses.

Asset Recovery and Collection Services

The firm has an asset recovery and collection department that specializes in identifying and recovering assets. The firm uses a variety of methods to identify hidden assets including computer searches and other asset tracing methodologies. In addition, the firm has an accounts receivable collection group and is engaged as collection agent to fiduciaries or employed directly by financial institutions. The group is available to work on a contingency basis or will manage accounts receivable functions on an hourly basis. When deemed appropriate, the firm engages and manages external collection agencies and collection attorneys.

Asset Disposition Services

The firm is experienced in liquidating a wide variety of assets and employs auctioneers, real estate brokers and other liquidation professionals as deemed appropriate. Consultants investigate the value of assets and arrange for appropriate means to liquidate the assets.

Employee Benefits Plan Termination Services

The firm has a Human Resources department to resolve employee matters and efficiently terminate employee benefits plans. Ms. Kathryn Malek manages the firm's Human Resources group and is responsible for terminating benefits plans, preparing employee tax returns and resolving employee issues.

Representative Bankruptcy and Receiver Cases

HFC has served as Accountant to Trustee, Accountant and Financial Consultant to Receiver, Financial Advisor to Debtor, Financial Advisor to Committee and Receiver for a wide variety of insolvent businesses. HFC has held a leading accounting and financial management role in the cases listed below:

Bankruptcy Cases

The Money Tree, Inc – **Accountant to Trustee** for consumer finance company.
Scoville, Inc. – **Accountant to Trustee** for manufacturing company.
DBSI, Inc. - **Financial Advisor to the Examiner** for real estate ownership and management.
Nice Financial – **Accountant to Examiner** for payday lender.
Nukote International, Inc. **Financial Advisor to Committee** for printing company.
Catalyst Natural Gas, LLC - **Accountants to the Trustee** for natural gas distribution company.
Powder Coating, Inc. - **Accountant to the Trustee** for manufacturing company.
Georgia Floors, Inc. - **Accountants to Trustee** for a flooring installer.
Westminster Ceramics - **Financial Advisor to Debtor** for \$60 mill tile manuf. and distributor.
Atlantis Plastics - **Financial Advisor to Debtor** for plastics manufacturing company.
Verso Technologies - **Financial Advisor to Committee** for public technology company.
C.M. Vaughn, LLC - **Accountants to Trustee** for \$13 million securities fraud.
Cornerstone Ministries - **Financial Advisor to Committee** for \$180 mil. real estate investment.
VyTech Industries, Inc. - **Accountant to Trustee** for RV materials manufacturing co in SC.
Aerosol Packaging, LLC - **Financial Advisor to Unsecured Creditors** for packaging company.
Fibrex Cordage, LLC - **Liquidating Director** for a manufacturer of cordage products.

FirstLine Corporation - **Financial Advisor to Unsecured Creditors** for a manufacturing co.
Brookstone Fine Wood Products – **Accountant to Trustee** for a home product supply company.
Maxxis Group, Inc. – **Accountant to Trustee** for a telephone and dietary supplement supplier.
Allied Holdings, Inc. **Administrative Compliance Consultants** for vehicle transport company.
Bramlett Plumbing, Inc. -**Turnaround Consultants** for a plumbing supply company.
Aero Plastics, Inc. – **CEO** for a plastics manufacturing company with sales of \$60 million.
Apyron Technologies, Inc. – **Accountant to Trustee** for a materials science company.
Galey & Lord, Inc. et al – **Accountant to Trustee** - a manufacturer of textiles for sportswear.
Battle Builders, Inc. et al. – **Accountant to Trustee** for a developer of residential homes.
Retailer Z, LLC – **Accountant to Trustee** for a retail chain of textile stores.
PNI Technologies, Inc. – **Accountant to Trustee** for a paging business.
Integra Holdings – **Accountant to Trustee** a holding company with over \$7 million in claims.
Stewart Finance Company – **Accountant to Trustee** for an operating finance company
Eriah Farms – **Accountant to Trustee** for a 6,000-acre peanut and cotton farming operation.
Specialty Equipment Rental, Inc – **Accountant to Trustee** for a heavy equipment rental co.
Eagle Acquisition Corp – **Collection Agent for Secured Creditor**.
Custom Insurance Services, Inc. – **Accountant to Trustee** for \$20 million insurance agency.
IMS Group, Inc. – **Accountant to Trustee** for a motor distributor with \$25 million in sales.
QOS Networks, Inc. – **Accountant to Trustee** for a global networking company.
Associated Distributors, Inc. – **Accountant to Trustee** a building materials retailer.
McLain Building Materials, Inc. – **Accountant to Trustee** for a building materials retailer.
Film Fabricators, Inc. – **Accountant to Trustee** for a plastics manufacturing company.
Leisure Time Casinos & Resorts – **Accountant to Trustee** for a gaming equipment company.

Receivership, Special Master, Assignment & Other Cases

Lighthouse Financial Partners, LLC – **Accountant and Consultant** to Receiver
SJK Investment Management – **Financial Consultant** to Receiver for \$80 million hedge fund
The EPI Companies, LLC – **Accountant and Financial Consultant** to commercial printing
Echelon Development Company, LLC – **Receiver** for real estate development and golf course
Atlanta Hyundai – **Receiver** for a used car dealership
Nationwide Furniture – **Receiver** for a furniture retailer in Georgia
LaTour Partners – **Receiver** for a condominium conversion project in Georgia
Bonaparte Partners – **Receiver** for a condominium conversion project in Florida
Parish Economics – **Financial Consultant to Receiver** in a \$130 million securities fraud
AppForge, Inc – **Assignee** in intellectual property for software company.
Cornerstone Capital Management, LLC – **Financial Consultant to Receiver** in fraud case
Pinnacle Development Partners, LLC – **Financial Consultant in a** \$62 securities offering.
Travis Correll et al – **Accountant and Consultant to Receiver** in \$400 million fraud case.
Lake Dow Capital, LLC – **Accountant and Financial Consultant** to \$25 million hedge fund.
Mobile Billboards of America et al. – **Accountant and Financial Consultant** to Receiver
J. Scott Eskind – **Accountant and Consultant** to Special Master for securities fraud case

Memberships in Professional Associations

Consultants in the firm are members of the following professional organizations and serve in the capacities identified:

American Bankruptcy Institute
American Institute of Certified Public Accountants
Association of Certified Fraud Examiners
Association of Insolvency & Restructuring Advisors – Mr. Hays serves on Board of Directors
California Receiver's Forum

Georgia Chapter, Certified Fraud Examiners
Georgia Society of Certified Public Accountants
International Association of Asset Recovery – Mr. Hays serves on Board of Advisors
National Association of Bankruptcy Trustees
National Association of Federal Equity Receivers
Society for Human Resource Management
Turnaround Management Association

Billing Information

The firm charges reasonable hourly fees taking into account the time and value of services rendered. The firm maintains detailed descriptions and time is recorded in tenths of hours. The hourly rates of the firm's professionals by position are as follows:

Managing Director	\$300.00-\$400.00
Director	\$200.00-\$300.00
Manager	\$150.00-\$225.00
Associates / Senior Assoc	\$100.00-\$175.00

Hourly fees are subject to annual adjustment in accordance with economic conditions. The firm may employ additional consultants or associates whose hourly rates will be determined in accordance with their qualifications. Travel time is billed at one-half of the firm's standard hourly rates.

Expense Description

Out-of-pocket expenses incurred in connection with the provision of consulting services are charged to the client for reimbursement of the amount expended. These charges typically include: parking costs, record search fees by independent services, copy services, travel expenses, courier charges, overnight charges, and postage. The firm also charges for the following:

Photocopies – billed at \$0.15 per page
Faxes – billed at \$0.25 per page sent or received
Travel – billed at 2015 IRS rate of \$0.575 per mile
On Line Research – billed at actual cost

Additional Information

Additional information on the cases listed above and copies of key documents are available on the Hays Financial Consulting, LLC web site at www.haysconsulting.net.

EXHIBIT “B”

**RULE 2014 VERIFICATION OF HAYS FINANCIAL CONSULTING, LLC
WITH REGARD TO EMPLOYMENT AS ACCOUNTANTS AND FINANCIAL
ADVISORS TO THE TRUSTEE**

I, S. Gregory Hays, hereby declare under penalty of perjury:

1. I am a managing principal of Hays Financial Consulting, LLC (the “HFC”), which maintains offices at 3343 Peachtree Road NE, Suite 200, Atlanta, Georgia 30326-1420. I make this Affidavit in support of the *Application for Approval of Employment of Hays Financial Consulting, LLC as Accountant and Financial Advisor*.

2. Except as set forth herein, to the best of HFC’s information and belief, HFC has no connection with and represents no interest adverse to The Festivity Group, Inc. (“Debtor”), Debtor’s creditors, other parties in interest, their respective attorneys, the Bankruptcy Judge in this case, the U.S. Trustee, or any person employed by the U.S. Trustee, with respect to the matters on which HFC is to be employed. Disclosure is made that S. Gregory Hays has been appointed the interim Chapter 7 Trustee for the bankruptcy estates of Festivity Group SC LLC (16-51062-PMB), Festivity Group Atlantic Station, LLC (16-51063-BEM), and Festivity Group, Tenn., LLC (16-51065-JRS). Upon information and belief, these entities are affiliates of Debtor, but the related estates have no assets. If a matter arises in which Trustee is adverse to any of these affiliated entities, S. Gregory Hays will resign his position as Chapter 7 Trustee for these estates.

3. HFC has made a reasonable effort to discover the possibility of conflicts as described above. If HFC discovers any information that is contrary to or supplemental to statements made herein, HFC will promptly disclose such information to the Court and the U.S. Trustee.

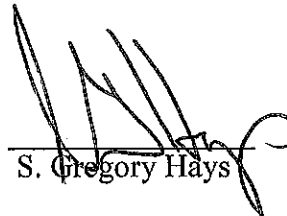
4. HFC is not and was not a creditor, an equity security holder or an insider of Debtor.

5. HFC does not have an interest materially adverse to the interest of Debtor's bankruptcy estate, or any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, Debtor, or for any other reason.

6. Accordingly, I believe HFC is a "disinterested person" as that term is defined in section 101(14), as modified by section 1107(b) of the Bankruptcy Code.

7. The foregoing constitutes the statement of HFC pursuant to section 327 of the Bankruptcy Code and Rule 2014(a) of the Federal Rules of Bankruptcy Procedure.

Dated this 28 day of January, 2016.


S. Gregory Hays

CERTIFICATE OF SERVICE

This is to certify that I have this day served the foregoing *Trustee's Application for Approval of Employment of Hays Financial Consulting, LLC as Accountant and Financial Advisor* by depositing in the United States mail a copy of same in a properly addressed envelope with adequate postage affixed thereon to assure delivery by first class mail to the following entities at the addresses stated:

Office of the United States Trustee
362 Richard B. Russell Building
75 Ted Turner Drive, SW
Atlanta, GA 30303

William J. Layng, Jr.
William J. Layng, Jr., PC
Suite 3477
2451 Cumberland Parkway
Atlanta, GA 30339

S. Gregory Hays
Hays Financial Consulting, LLC
3343 Peachtree Road, NE, Suite 200
Atlanta, GA 30326

J. Michael Lamberth
Lamberth, Cifelli, Ellis & Nason, P.A.
1117 Perimeter Center West, Suite W212
Atlanta, GA 30338

This 28th day of January, 2016.

/s/ Michael J. Bargar
Michael J. Bargar
Georgia Bar No. 645709